

## Indian Ministry of Shipping draws up Cruise Tourism Reforms

The Ministry of Shipping, in conjunction with the Ministry of Tourism, has announced reforms to the regulatory processes governing the cruise tourism industry in the country. The objective is to revolutionize this industry which has a high employment generation potential, by simplifying the rules and procedures pertaining to various aspects of cruise port operations like security, immigration, and customs. According to Special Secretary, Shipping, Shri Alok Srivastava, the promotion of cruise tourism requires not just improvement in infrastructure but also uniformity, transparency and predictability in the procedures followed by multiple government organizations. In other words, Ease of Doing Business is critical for the success of cruise tourism."



The reforms are based on the recommendations of a global consultant engaged by the Ministry to draw up an Action Plan for providing a customer friendly and hassle free logistics process for the cruise tourism industry and develop an enabling ecosystem necessary to promote and sustain cruise shipping in India.

Key recommendations given by the consultant which can be immediately implemented are:-

1. Single window system for all pre cruise requirements for cruise operators like entry of vehicles, personnel and guides electronically doing away with checking of registration, license papers of vehicle at each time.
2. Create a separate dedicated approach road and entrance to the cruise terminals.
3. A uniform and consistent security procedures by CISF at all ports.

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4. Providing adequate security and access to the port for passenger over-night and visiting local venues.
5. No face to face check after dis-embarking formalities.
6. Security checks for embarking passengers would be done only once.
7. Joint collaboration between the Bureau of Immigration and CISF and redesign the existing procedure to give a pleasant experience to the cruise tourists visiting India.
8. Standard Operating Procedures (SoPs) to be framed for training and education of the personnel carrying out the process for better handling of passengers.
9. Use of technology for clearances, providing passenger manifest to CISF and doing away with manual time consuming process.
10. Implementation of green lane/red lane at existing terminals with random custom checking as is done in the airport.
11. Declaration of only limited items of inventory of the cruise ships in place of the existing requirement of having the complete inventory for all the stocks in the ship.

A committee has been set up to work out the modalities and requirements for implementing the above recommendations in a time bound manner

The Consultants have also been asked to suggest five potential cruise circuits for international, domestic and river cruise, that can be immediately taken up for development and to prepare Techno-Economic Feasibility Report (TEFR) for these circuits. Specific ports/terminal would also be considered for development for international cruise tourism as per a suggested Model Terminal Design, and suitable policy/regulatory framework based on international best practices, strategies of cruise terminal operation.

Earlier this month, a workshop was organized by the Ministry of Shipping to bring together all the stakeholders to deliberate upon and draw up a concrete action plan for implementation to promote cruise tourism in the country. The workshop was inaugurated by Minister of Shipping, Road Transport and Highways Sh. Nitin Gadkari, and was also attended by Dr. Mahesh Sharma, Minister of State (Independence charge), Tourism and Culture and Secretary, Tourism Smt. Rashmi Verma. About 100 concerned stakeholders including Customs, Bureau of Immigration, Ports, CISF, State Tourism Boards, Maritime Boards and Ports Departments, Cruise shipping lines etc also attended the workshop.

## Shipmanager Thome speaks out on 'pollution and corruption' conviction

Leading tanker shipmanager Thome Group has issued a robust defence of its environmental practices after a United States court handed down a US\$1.9 million fine for 'pollution and corruption' in US territorial waters. Together with Egyptian Tanker Company, Thome was charged with dumping oil contaminated bilge water overboard off Port Arthur. Both companies pleaded



guilty to a failure to maintain the oil record book, failure to maintain the garbage record book, and obstruction of an agency proceeding by presenting a false oil record book and false garbage record book to the USCG. In a formal statement Thome said it had co-operated fully with a US Department of Justice investigation into a failure to comply with MARPOL Regulations committed by engineers formerly deployed on the ETC Mena, a tanker under its management, following a USCG vessel examination on 26 April 2016.

The company added that the government's investigation did not reveal any evidence that Thome's shore personnel, the owner's shore personnel or the vessel's Captain had any involvement with or knowledge of the improper conduct. The statement concluded by saying that the underlying incident, contravened long held environmental and anti-pollution policies and that the chief engineer responsible no longer works for the company. Thome added that it had agreed to implement an Environmental Compliance Programme (ECP) with the assistance of a government-approved third party auditor under the oversight of a court-appointed monitor. "The vast majority of the ECP's requirements have already been identified and integrated into Thome's Environmental Management System." Tanker Shipping & Trade has given both editorial space online and in print as well as air time at its annual conference to the challenges of embedding an effective compliance culture in larger tanker shipmanagement companies.

## From the Editor's Desk



*The greatest event of our age is the meeting of cultures, of civilizations, meeting of different points of view, making us understand that we should not adhere to any one kind of single faith, but respect diversity of belief. – Dr S Radhakrishnan*

**Never believe in anyone who says, “We cannot change”.**

**VISION** is one of the secrets of personal transformation. We are all artists, our mind is the arena of creation, and vision is what we are constantly creating. What is your vision of yourself today - patient, relaxed, positive or tense, tight and negative? What do you prefer? So, be creative. What does patience looks like, feel like? What are you doing is different when you are patient and you are expressing your power to wait. Always start with vision, not action. See it and you will be it. Be it and you will do it. We don't 'get a life' as some would cynically tell us this. Actually, we create our own life. In fact, we are the architects of our life and destiny. The **vision** is a sensation in the form of 'image' in the mind resulting from the light intercepted by the eye tissue, called retina, and converting into electronic and chemical signals in the nerve fiber and the brain respectively. The light energy is converted to chemical energy and stored as the memory in the brain. When one recalls particular scene through the process of thinking, the image appears in the brain; or the functional part called 'mind'. Most animal systems have well evolved eyes that are capable of intercepting light, or even other wavelengths of the electromagnetic spectrum, and produce mental images for their preying and protective functions. The visual memory in human beings constitutes the major fraction of the total memory available for storage and retrieval. The memories of sound, smell, touch and taste are normally complementary to the visual memory in humans and most other mammals. In other animals, the vision may be complementary to other forms of memory. Some may have predominance of sonic memory while others may have touch, smell or taste as the dominant ones, depending upon the evolutionary relative strengths of their respective sensory organs. The eyes in the humans are normally well protected, rugged and last for life time. There are few cases of blindness by birth or inherited low vision. Some cases of **low vision** and blindness could be seen in the people that are acquired during one's life time due to many reasons. These become serious handicaps for the performance of the concerned individual. The **visually challenged persons** have to depend more on the other senses than their eyes. They have to manage with reduced choices of their vocations and compromise with their quality and content of performance. Here again tremendous differences exist between the blinds by birth and those acquiring later in the life as also among the persons having different degrees of 'low vision'.

To face the challenges boldly and gracefully, such persons must make best use of whatever vision they have or develop other faculties if they are totally blind. There are many tools available these days that facilitate learning and performance of such challenged persons. There are specific institutions and scripts and other high tech tools available. The optics and computer aided systems have also been developed that enhance the efficiency of such persons. Many 'low vision aid' centers provide specialized services to such individuals. The people suffering with low vision have more opportunity to look within. Envisioning doesn't require vision. The real visionaries don't make much use of vision of their

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eyes. The blind visionary may have sharper vision than one with eyes. The foresight doesn't require sight. **1) Break free.** Speak your mind and dare to speak the truth. Give voice to your opinion and be the change you want to see **2) Face fears.** Fear is a four letter word and so is dare. To conquer the world is not difficult if you conquer yourself. **3) Stay alive.** Life is a cartwheel, just spin on with it. Keep going just as life goes on, for the human spirit lies in action. **4) Reach out.** It's the difference you make, that makes you different. Help others to reach their destination, you will reach yours without effort. **5) Let loose.** Stop inhibitions before they stop you. Be yourself and never let any thing make you doubt yourself **6) Stick together.** Life is a holiday with friends around. Always say hi, not good bye, as collectiveness is a bundle of joy **7) Lead way.** Possibilities arise when you open new doors. Have a vision and the conviction to make it happen **8) Shine on.** Be the best at what you do. Do what you do best and give it your best, to be a rising star **9) Expand horizons.** You find uncharted shores only when you swim. Dive into the unknown, for it will be known tomorrow by your name **10) Respect mentors.** Motivate yourself from the experienced. Follow the wise like day follows night and success will follow you. **11) Be focused.** Know what you want and you'll get there. Concentrate your energies to get answers not excuses to succeed. **12) Aspire high.** Give wings to your dreams. Where you reach in life depends on where you begin

I have known people who are otherwise highly educated, learned, extremely knowledgeable and yet would not even think before lying! As a matter of fact, they enjoy painting their fake make-believe image to their heart's content. For no rhyme or reason, they would just start off... deriving fun from lies, pleasure from pretence, and a sense of accomplishment from having made the listener believe in their cooked up instances of past heroism and in articulating other's words and ideas as their own. The act of cooking up stories and pretending to be what they have never been, but perhaps wished they were, comes to them so spontaneously that the thin line between truth and 'make-believe' has faded out even in their own consciousness! ...And that calls for urgent salvation of the self. when you do not even realize you are pretending, or that there could possibly be any harm in telling others stories about yourself as if they were the real you, in order to secure your position. Deep into this tendency, they are driven by habit, or rather their superficial nature to lie! At that extent of self denial one does not even care what he is faking. his past, his present, his work, even spirituality! He has at that point lost the sense of 'right and wrong'... because he has been practicing pretence for too long!

**What lead one to a false way of living** could be one or many ... perhaps it was an insecure life of not so great existence coupled with the desire to come out clean in other's eyes; perhaps a past life tendency to always put up a clean image even as one continued feeding one's not so lofty desires that one couldn't give up, that are usually looked down upon by the society; perhaps his social background is looked down upon, or perhaps he hails from a so called famous clan that doesn't actually have any more of its past greatness, compelling him to pretend or lie so as to touch-up the faded reality of his mundane existence; or perhaps exposure to an environment of falsity, pretence and lies did it... sometimes watching older siblings who play the role of a father figure makes one follow their ways... seeing how smoothly they steer and sail through trouble with pretence and false heroism, a loud voice or an angry attitude gets the younger sibling into believing 'that's the smart way to get what you desire!' Whatever

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the reason, the mind thus gets intensely conditioned into ignorant ways to material fulfillment! What one does not realize is that in course of the momentary victory, in opting to revel in pretend greatness, brandishing the sword of cutting edge smartness, one has dug a pit for oneself that he would never dread to had he known the consequences! When pretence becomes a tendency and creating a correct image the focus, with complete disregard for consequences with respect to oneself as well as the impact upon others, then one has actually pushed oneself into a bottomless pit! Truth always prevails, so original is original, and fake is fake! In our highest interests, we had better stop fooling ourselves in course of duping others. The repercussion of falsity, fakery, lies and pretence is wide, deep and lengthy. Sometimes we resort to swift escapes thinking there is nothing wrong with it since we are motivated with goals close to the heart, like securing a position socially or financially that would in turn be translated into better life for our loved ones, especially children. What goes completely ignored is the hidden evil that creeps right into the family, and into the lives of the beloved. By indulging in wrong practices and pretence, we knowingly or unknowingly expose our children to the same stark dark ditches that we push ourselves into ...only in more than one ways! When we practice wrong our little ones suffer three-fold consequences, way beyond what we could imagine! In our ignorant ways to better their lives, we subject them to... hereditary exposure, environmental exposure and karmic exposure to the evils of pretence. Imagine how hard they would require to exercise their conscience in order to fight the adversities that crept in with our malpractices, so they could see light at the end of the tunnel!

The first step is to agree to accept... to confront oneself... to own one's fakery, pretence and lies. The second step is constant vigilance... to consciously abstain from quick-fix, false-fame get-aways. The last step is continuing along the path of reality, rather than 'make-believe' about ...for oneself and others. **SALVATION.** All is well that ends well! Our divine salvation army is always at its best, fully prepared to fight out darkness for us and walk the dark miles with us, to cut off chords of karma carried forward from previous lives or to neutralize conditionings acquired in course of the present. By calling for help we can ease our process of cleansing, even out penance to a great extent by way of realization, and shorten the journey through the tunnel of acceptance! Divinity awaits our call for help to overcome forces of denial! One brave step of acceptance, owning and confession can make the journey half as tough, cut the dark stretch to a fraction of what it would take to enter 'light'... and to do away with 'pitridoshas' or hereditary tendencies we were born into! There is no other way out but through the tunnel of acceptance and into light! The more we shy away from it, the longer our trial becomes! The more we deny it, the deeper the darkness gets! The more we convince ourselves into believing "stay for now, at least you feel safe this way in this moment", the lengthier the wait for a better life... And the moment we agree to accept, the celestial bells toll and rejoice! Rescue is one step away ...at the threshold of acceptance and awakening! The pivotal moment to take the mask off awaits each soul. .Time to open our eyes, to pull ourselves out of darkness, and live our Truth!

**Dr. P.K.Chandran**, F.I.E.(India), LLB; PgDLL: LLM.; Research Scholar in Ph.D (Law). Member of Various Professional Bodies in India and Abroad. \*\*\*\* Ex.6286018. Rect. Signal Boys Regular Indian Army entry. With exemplary service record, during National Emergency, son of ESM of Royal Indian Army, of World War II, recipient of Long Service and Good Conduct Medal.

## **No Computer runs Forever. Be Prepared by Backing it up:**

How would you feel if one day you woke up and your entire computer's contents - including your sentimental photos, your recent projects and documents, your entire music collection, and your precious videos - were no longer accessible? What if you found out that they had all been wiped from your computer, leaving you with nothing but emotional heartache and nobody who could help? Guess what? It happens to people every single day. Every day, people across the country head into their local BestBuy or Apple store in tears, broken computer in hand, praying as they wait in line that an expensive repair might, just might, recover their priceless, irreplaceable files. A few get lucky. But for the rest, well, they're out of luck, and there's nothing anyone can do to help.



Hasn't happened to you? If your computer remains unprotected, it will, and it's only a matter of time. But thanks to recent breakthroughs in computer backup technology, you now have a number of options to prepare, and if you're smart, when your computer crashes, you shouldn't have any problem getting 100% of your files back that same day. And no, I'm not talking about an external hard drive. I'm talking about an online backup solution that runs quietly and continuously in the background on your computer. If you have one installed, when your computer crashes, you won't have to deal with sleepless nights, screaming phone calls, or numbing feelings of helplessness in the hope of recovering your files. Instead, you'll be just one click away from bringing your files back to life, like they were never gone.

If you're interested in giving one a shot, we highly recommend you take a look at SkyVault360. Their technology is everything you need, and it's amazingly simple. They offer unlimited storage, protection for both Macs and PCs, same day restoration, and boast an award winning, 100% flawless track record on recovering all files. Best of all, they have one-click installation, and it's truly set it and forget it.

In the past year alone, hundreds of thousands of forward thinking people have already started taking advantage of this cutting-edge technology, and for good reason. For these people, when their computer crashes, they'll barely be inconvenienced. For everyone else, sometime soon they'll inevitably lose every picture, video, song, project, and so much more forever.

**A day in the life of a Seafarer:** The 25th of June every year is celebrated as the DAY OF THE SEAFARER under the auspices of the International Maritime Organisation (IMO)..

Day of the Seafarer (DotS as it has come to be known), is celebrated to recognize the unique contribution made by seafarers from all over the world to international seaborne trade, the world economy and civil society as a whole and to let the world know how and why #SeafarersMatter and are indispensable to everyone..



In my previous post promoting this Day of the Seafarer, I had requested some of the seafarers to share their experiences at sea and what happens in "A Day in the Life of a Seafarer"..

I am sharing a few of the stories with all of you, with the first one from Nick Chubb below..

Nick Chubb MNI is a former Merchant Seafarer.. He started his career as a Deck Cadet for Trinity House working on many different types of ship, including tankers, ferries, and offshore vessels.. Over a number of years, he worked his way up to Second Officer before moving into a shore based role..

He now works for Marine Society College, the world's oldest seafaring charity where he is responsible for an award-winning digital education platform for seafarers, Learn@Sea..

For more information on Learn@Sea go to <http://atsea.marine-society.org/>

It is 03:30 and the telephone in my cabin is ringing. I wake up, answer the phone, and hear the Second Mate's voice telling me I have 30 minutes until my watch starts. I switch on the lights and start getting ready for work.

I'm the Third Mate aboard a VLCC (Very Large Crude Oil Carrier), my ship is in the middle of the Malacca Strait approaching Singapore and we're on our way to Japan to deliver 2million barrels of oil (about half of the country's daily oil requirement).

We loaded our cargo at various ports in the Middle East and are now about 4,000 miles through our 8,000-mile, 6-week journey to Japan.

20 minutes later, I am climbing the stairs to the ship's bridge, as I open the door I am confronted with nothing but darkness. My eyes slowly adjust to the black night as I greet the bridge team and make a cup of coffee.

At just before 04:00 I receive a briefing from the Second Mate, he is handing over responsibility for the ship to me. We discuss the weather, nearby traffic, any upcoming alterations of course or navigational hazards, and the status of the bridge equipment.

As soon as I am happy, I take over the watch and have sole responsibility for the safe navigation of one of the world's largest ships.

At 333 metres, my ship is longer than the Shard in London is tall, and is as wide as four double decker buses placed nose to tail.

It weighs 302,000 tons and when loaded, takes 5 miles to stop. In fact when running at full ahead it takes 15 minutes just to reverse the engine!

The engine itself is four storeys tall and produces an incredible 40,000-horsepower, which allows the ship to cruise at just 12 knots (nautical miles per hour).

I will be on watch for the next four hours, while the crew of around 30 seafarers from 11 different countries sleep in their cabins below. I have one lookout on my team who is on the bridge with me scanning the dark horizon for other ships.

During my watch, I will be constantly monitoring and reacting to the ship's situation. I will be fixing and plotting our position on the chart using everything from the high tech (GPS and Radar), to the low-tech (the Sun, Moon and stars and the ship's compass).

I will also be adjusting our course based on the ship's passage plan, monitoring the weather, and taking action to avoid other ships and boats to be sure that we always pass them at a safe distance.

At about 6AM the sky begins to turn a deep shade of orange as the sun starts to rise, four hours goes very quickly in the Malacca Strait, there is a lot of traffic, and some difficult passages to navigate. At just before 8AM the ship's captain and the other Third Officer join us on the bridge.

The Captain has overall responsibility for the ship, including the safe delivery of our cargo, the efficient running of the ship, and most importantly the safety of the crew.

The sea can be an incredibly dangerous environment; in 2013, 138 ships were lost, and an estimated 2,000 seafarers died working at sea, and a great deal more are injured.

I hand my watch over to the Third Officer in the same way as the Second Officer handed over to me four hours earlier. Now that I am off watch, I have eight hours off to do some additional duties and get some rest.

I head straight down for breakfast, and afterwards spend some time repairing one of the ship's fire hydrants. As well as my navigational duties, I am responsible for inspecting and maintaining the ship's safety equipment, including lifeboats, life-jackets, and firefighting gear.

After lunch, I catch up on some sleep and then head to the ship's gym for some exercise. Before long it's approaching 16:00 and my eight hours off is coming to an end.

Ten minutes before 16:00 I am back on the bridge ready to relieve the Second Mate of his watch and start my next shift. Between the hours of 20:00 and 04:00, I have time to eat dinner, and maybe read a book or watch a film before going to sleep until the phone rings once more.

The watch system on this ship continues without ever halting. Four hours on, eight hours off, 24 hours a day, 365 days a year, whether at sea or in port. On many ships, there aren't enough officers for this watch pattern and the crew work in six hour shifts around the clock for months at a time.

I have been on board for 3 months and have at least one more to go before going home to see loved ones again.

Some of the crew stay on board for eight - twelve months at a time, sending money home to their families; they often only have one - three months off before heading back to sea.

All seafarers have missed the births, deaths, and marriages of loved ones, and their children often grow up with one parent absent for most of the year.

It is a hard life, but it is a deeply satisfying and rewarding one. There 1.5 million seafarers on the planet working on 50,000 merchant ships. 90% of all goods worldwide are transported by ship, from raw materials like crude oil and iron ore, to finished products like laptops and smartphones.

Without seafarers, working hard all over the world, in all weathers, every day of the year the modern economy would collapse.

Next time you buy fruit from the grocers, a new car, or some new clothes do not forget that the hard work, professionalism, and commitment of many hundreds of seafarers are what made your purchase possible.

## 5 points to consider before packing your cargo:

If you are an exporter and especially if you are exporting for the first time, you should have a checklist of points to consider before packing your cargo.

Here are 5 main points you should consider before packing your cargo.

1) Use the right type of CTU (Cargo Transport Unit) : By CTU, here I am referring to a freight container.. As I have explained in my previous article, there are various cargo types and packing methods in container shipments.

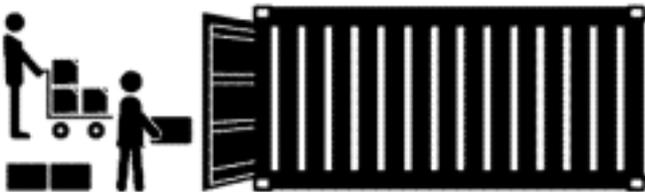
It is of utmost importance that you use the correct container size/type for the packing of your cargo.

Questions such as below, although incorrect, are quite common and needs to be properly understood.

A 40' container is twice the length of a 20' container.. So if I can pack 21 tons of cargo in a 20' container, I can pack 42 tons of cargo in a 40' container right..?

- 20' containers are designed to carry more weight than voluminous cargo.. Example - Minerals, Metals, Machinery, Sugar, Paper, Cement, Steel Coils all of which are heavy cargoes.
- 40' containers are designed to carry voluminous cargo rather than heavy cargo.. Example - Furniture, Steel Pipes, Paper scrap, Cotton, Tobacco all of which are voluminous cargoes.

While you cannot pack double the 20' cargo weight into a 40' container, you can definitely pack more than double the 20' cargo volume into a 40' container.



Of course the type of container used is directly related to the type of cargo that you intend to ship.

For example if you are exporting food products, you may require a food grade container.. If you make a specific request for such a container from the shipping line, they may be able provide the same (usually at an extra preparation cost) to you.

Which then brings us to the "condition" of the CTU.

2) Condition of the CTU - the condition of your CTU is of utmost importance as that is the basis of safe carriage of your goods.

If the container that you are using to pack your cargo is not in a good condition, you are opening yourself up to possible cargo damage, loss, claims etc.

One of the most frequent spats between an exporter and a shipping line relates to the condition of a container

which the exporter picks up for packing.. People have been varied in their opinions on who is liable.

In the normal course of business, the shipping line is expected to release a clean, sound, dry and cargo worthy container from their empty storage depot to the transporter of the exporter.. The container depot has a responsibility to ensure that the shipping line's instructions are followed.

On the other side, the transporter has the responsibility to check if the container that is released from the depot will suit the exporters needs.

General items to be checked here would include (but not limited to)

- the empty container received is clean, dry and free from any unusual smells, stains on the floorboard
- no roof holes
- the doors shut tight and without gaps
- the lock rods close and lock properly
- the slots for the seals are present and usable
- floorboard is not cracked or broken

These quick checks if done, will prevent any major damage or loss claims at a later stage.

3) Use the correct shipping line's container - As silly as it may sound, this is also a major issue faced by some exporters.. So if you are an exporter who exports big volume of cargoes, sometimes packing up to 20-30 containers in a day to various destinations, using the containers of various shipping lines, it is highly possible that you/your packing depot could cross-pack some cargo.

Adding to this confusion is also the fact that many shipping lines lease containers from the same leasing company so the prefixes maybe the same (like MSC and Maersk line both leasing TEXU (Textainer) containers) and you or your packing warehouse may incorrectly allocate one line's container for packing cargo to a destination to which that shipping line does not service.

For example, allocating and packing a container under the control of ZIM Lines of Israel with cargo meant for IRISL Line to Iran.

4) Documentation - Another crucial area of the shipping process which you must understand, understand and understand is the documentation process.. Documentation related to the cargo that you are about to pack and ship.

General items to be checked here would include (but not limited to)

- Does your cargo require any permits to be loading and discharged..?? Is your cargo allowed for discharge at the destination..??

- Although you might think the buyer has ordered the goods and he has checked above, in a lot of the cases, the shipping line will hold you (being the exporter/booking party) liable for any cargo that maybe abandoned at destination due to such issues.
- Is my cargo hazardous, and does it require a dangerous goods declaration..?
- Is my packing list correct and reflect the correct cargo weights as there are different weights used in shipping and there are consequences due to container weight mis-declaration.
- Also bear in mind the SOLAS VGM regulations and if you are using Method 2, then you need to have those weight documentation handy.
- If you are about to pack Out Of Gauge (OOG) Cargo then you need to ensure that your OOG transport permits, escorts etc are ready and have been secured either by you or your transporter.

Ensuring that your documentation is all in order even before you pack will ensure that nothing is forgotten as it would be quite expensive to unpack/repack any cargo due to improper or incorrect documentation.

5) Pack it properly will ya - even if you have checked and satisfied yourself with all above points, one vital point remains and that is to "pack your cargo properly".. Yes, again it may sound as a no-brainer, but a lot of issues such as accidents, damages etc happen at sea and on the shore due to improper packing of cargo.

In one of my previous posts I wrote about the need to pack your cargo properly, and in that post, I have shown a slideshow which shows some pictures of cargo that has been improperly packed/secured in containers.

This will give you an idea of the damages that happens to cargo and the losses that the shipper or consignee incur, as a lot of them still ship cargo without proper insurance cover.

NEVER underestimate the importance of Protecting your valuable cargo for shipment.. You do not want your cargo arriving at the destination looking like above.

This video by UK P&I club shows the stresses that the cargo inside a container goes through during its journey by road, by sea, by rail etc and the end result when the cargo is not packed into containers properly.

### **What To Do On Joining A Ship As Navigational Watchkeeper (3/O & 2/O):**

For navigational watch-keeping officers, the time before joining a ship, whether for the first timers or for a seasoned one, is an anticipatory one. Signing the contract, other documentation, health checkups, currency conversion etc. takes up all the time in the days preceding the joining date.

However, upon joining a ship, the initial time also requires



a lot of activities to be carried out which we at Marine Insight, will try to cover for the readers. The following points are generalised for the incoming officers of the watch and can be a useful guide.

#### **General Points**

Report to the Master right after joining with the following documents:

- Contract letter from the employer
- CoC
- GoC and CoC for the GoC
- CDC
- Passport
- Health documents
- Necessary STCW course certificates

#### **Report to the Chief Officer**

- As part of orienting oneself with the proceedings of the vessel, meet all the other watchkeepers and get a layout of the ship and its equipment, including the life-saving appliances (LSA) and the fire fighting appliances (FFA), cargo onboard and recent happenings within the vessel that might be of importance as an officer on watch (OOW)

- As and when the Master requires so, go to the office or his cabin if asked and sign the Articles Of Agreement, which is an important document. Usually, the Third Mate fills up on everyone's behalf as it must be done meticulously and without errors

- If there is time, and it is advised to make time for this, get familiar with the ship's layout with regard to the plans, take a round on deck, and get an idea of the FFA and LSA systems onboard. Also, familiarising with the SOPEP locker and equipment is advisable

- As an OOW, most of the time will go on the navigation of the ship and hence the all electronic navigational aids onboard must be checked out and gotten conversant with

in advance. Read the manuals if necessary

- Once on bridge to do the above, the OOW must also go through the wheelhouse poster and get familiarised with the manoeuvring characteristics of the vessel as well as the pilot information card
- The mooring arrangements of the ship must also be overseen and information imbibed from the same for further use. This is applicable for both the forward as well as the aft stations
- As per the ISM Code, the incoming OOW must undergo a ship specific familiarisation as well as carry out parallel duties with the outgoing officer
- The handing over notes, usually given prior to joining is a great prior study of the ship's characteristics to speed up the familiarisation process. Any point in the notes not understood fully must be clarified with the outgoing officer.

### **Specifically for the Joining Third Officer**

- The Third Mate is in charge of the LSA and the FFA, and therefore enquire everything from the outgoing officer with regard to the same if there's any doubt. The pigeon hole and the associated flags must also be checked and rechecked. Remember that as an OOW it is one's responsibility to ensure that everything assigned as per the stipulated ISM duties is in order as the incoming OOW will further be responsible for the upkeep for their time on ship.
- Take charge from the outgoing officer of all the LSA and FFA maintenance register and associated documentation and the flag inventory
- Collect the assigned portable VHF for the Third Mate from the outgoing OOW

### **Specifically for the joining Second Officer**

- The Second Officer, being the in charge of the charts and publications, navigational stores, repairs to navigational equipment onboard means that the incoming Second Mate must be thorough with the same and discuss with the outgoing officer if there are any corrections etc. pending
- Take charge from the outgoing officer with regard to the keys to the bridge and associated locks, medical locker, poison locker, hospital, stores etc. This is necessary since the Second Officer is also the medical officer onboard
- Check the necessary charts and publications are present onboard especially with respect to the upcoming voyage
- Check that all the navigational equipment are working satisfactorily and report any discrepancies to the Master. Also, check that the necessary spares and stores with respect to the same are present onboard- as an officer it will be a dicey situation to have the printing paper for NAVTEX run out without a backup supply!

- Check the medical locker, hospital and poison locker for its inventory and tally it with the document supporting it- this is as per the International Medical Guide for Ships (IMGS) published by the World Health Organisation (WHO) which is present on all ships. This is really important since the medicines and their associated regulations are an aspect that differs from countries and one medicine which is over the counter in one country might not be in another, causing unnecessary charges and legal problems

- Collect the assigned portable VHF for the Second Mate from the outgoing OOW

While most companies have a checklist or a something of the sort to assist the officers with the joining process, one's own scrutiny must be applied to this as the onus in case of a failure lies with the officer.

The points for a Chief Officer are not detailed out in this article as that covers a much wider range of duties seeing as the Chief is responsible for myriad things ranging from the deck work to ballasting and deballasting and many more. The above points cover general aspects as a specific type of ship will call for specific duties not applicable to every ship.

The above points cover general aspects as a specific type of ship will call for specific duties not applicable to every ship.

### **11 Causes of Headaches & When You Should Worry about Them:**

Headaches can come out of nowhere and cause us pain - or so it seems. Turns out, there are a number of causes for headaches you might not know are triggers, but not all of them should have us running to the doctor in fear. Some are harmless and just require us getting a sip of water, while others could end up being life threatening. The knowing the difference between these headaches can let us rest with a peace of mind next time any throbbing begins.

"There are many reasons and causes of headaches," Dr. Larry Burchett tells me over email. "Some are not a big deal, like stress (tension) headaches from being stressed out. Some can be life threatening, like bleeding in your brain or a brain tumor. If you are worried at all that you have something more serious than a common headache, go see a doctor."

If you experience headaches, you're not alone. Approximately half of the adult population have had a headache at least once within the last year, according to the World Health Organization. It can difficult to pinpoint what is causing your headaches, as there are a number of culprits responsible.

To help get to the bottom of your pain, consider these 11 common causes of headaches and when you need to worry about them.

**1. Dehydration:** A study from the Journal of Nutrition found that even mild dehydration can cause headaches.

These types of headaches shouldn't alarm you; just load up on more water, and you should be good to go.

**2. Sinus Infection:** "An infection like sinus or the flu [can cause headaches,] but it's generally not a cause for worry, and it's relatively easy to fix," says Jennie Ann Freiman, MD over email. This usually involves pain over the forehead, around the nose and eyes, over the cheeks, or in the upper teeth, but it is resolved once the infection is cured.

**3. Birth Control:** "Migraines triggered by birth control pills, specifically if they are visual migraines (person seeing flashing lights, having an aura), is a definite risk for stroke," says Freiman over email. "In that case, any birth control containing estrogen should be stopped. Progesterone only pills are OK in this case." If you notice you start getting migraines after going on a new pill, talk to your gynecologist ASAP about switching to another option.

**4. Physical Activity:** "Sometimes physical activity like walking or climbing stairs makes [migraine headaches] worse," says Dr. Jennifer Caudle, family physician and Assistant Professor at Rowan University School of Osteopathic Medicine, over email. These migraines often feel like there is a "pulsing" in the head, but as painful as they are, they're no cause for worry unless you feel like you're experiencing the worst headache of your life.

**5. Caffeine Withdrawal:** Haven't had your cup of coffee this morning? That could be the reason for your headache, as they are a symptom of withdrawal. Although they're no cause for alarm, you can eliminate these headaches by slowly weaning yourself off of caffeine - or just wait it out for a few days.

**6. Medication Overuse:** "This headache is caused by overusing medications (often non-prescription) to ease headache pain," says Caudle. "This overuse actually then causes a rebound headache to occur as the medications wears off, which then necessitates further medication use. This cycle contributes to the medication-overuse headache." Consult with your doctor to discontinue or taper your medication if you suspect this could be the problem.

**7. Sex:** If you get a headache from exerting yourself, such as in sexual intercourse, this could indicate a mass or subarachnoid hemorrhage. Having sex increases your risk of an aneurysm rupture by 10.6 percent, according to research from the Journal of American Heart Association, so if you experience head pain after sexual activity, you should go see a doctor just to be safe.

**8. Certain Foods:** Certain foods can trigger unwanted headaches. Foods such as lunch meats, wine, chocolate, aged cheese, and gluten can cause headaches. They're not dangerous, but they're definitely uncomfortable, so try keeping a food journal and noting which meals end in a migraine. Then you can try cutting out ingredients that appear to be triggers and see if the headaches get better.

**9. Stress:** Stress can cause tension headaches, which feel like mild to moderate pressure or tightening on both sides of the head. A stress headache isn't cause for worry, but stress in itself poses its own risks. "A great underlying way to prevent a stress headache would be - you got it - to prevent or manage the stress itself," says Burchett.

**10. Eye Strain:** Bad vision can cause headaches as well as blurred or double vision, according to Mayo Clinic. In this case, you'll want to get your vision checked out so you're no longer squinting or struggling to see.

**11. Smoking:** Cluster headaches are most common in people who smoke, according to Harvard Health. "They are severe headaches that usually occur on only one side of the head," says Caudle. "The pain tends to be excruciating and is located around the eye, but it can occur in the temple or cheek/jaw area." Fresh oxygen can help with these frequent headaches, but consult with your doctor to help prevent these attacks.

When in doubt, it's best to get checked, but if a headache is minor or infrequent, you usually don't have to worry.

### **Cargo liquefaction tests need a rethink:**

The Association of Bulk Terminal Operators is calling for a complete overhaul of the cargo sampling and liquefaction testing protocols for ships transporting raw ores and less common cargoes, such as nickel ore, fine wet coal and bauxite.

Professor Mike Bradley, a member of the advisory panel to the Association of Bulk Terminal Operators (ABTO) and head of Greenwich University's Wolfson Center for Bulk Solids Handling Technology, said the current measures in place to test cargoes for potential liquefaction are inadequate, especially for raw ores and variable materials being loaded in ports where conditions are inclement.

Current methods available to a ship's master for identifying the dangers of cargo liquefaction - the so-called "splash" and "can" tests - are very rudimentary, says Bradley.

"The 'can test' consists of nothing more than a 'baked beans can' filled with a sample of the cargo, which is then vigorously tapped on the table," he says. "If a liquid film forms on the sample surface, the cargo is deemed dangerous and must be rejected; if not, it may be either safe or dangerous!"

His research group has investigated cases where masters have used the "can test" to accept and reject portions of cargo, resulting in later liquefaction in heavy weather. The splash test, meanwhile, simply checks to see if the cargo "splashes" when dropped from a grab into the hold - "not easy to see in the dead of night with dark colored cargo in a badly lit hold!"

"Such rudimentary testing is inadequate," says Bradley. "We have seen that dangerous cargoes can pass these tests, with moisture content exceeding the allowable limits, liquefying at a later stage. The efficacy of existing

testing and sampling protocols does need to be addressed, especially when assessing terminal stock piles where obtaining a decent sample is difficult.

"The current IMO protocol for setting Transportable Moisture Limits and certifying actual Cargo Moisture Content is robust for some cargo flows, but sadly falls down too often for others, as evidenced by the number of lives still being lost at sea due to cargo liquefaction.

"Ultimately the master has to take responsibility for whether a cargo is loaded or not, and he is under commercial pressure not to reject it - so in cases where he has suspicions he really needs a better, more reliable shipboard test he can use to protect both his employer's business and the lives of his crew."

Although the International Maritime Solid Bulk Cargoes (IMSBC) Code includes provisions for sampling, Bradley says it is "inordinately difficult" to get a representative sample of the cargo from a stockpile, and in many cases severe rain will have occurred since the sample was taken for moisture certification.

What's more, some master mariners have expressed concern that the current tests do not work with some cargoes. There have also been cases in which moisture content certificates are alleged to have been falsified.

Bradley explained that the Wolfson Center has completed some preliminary research work in the development of a more effective, accurate cargo liquefaction test kit for shipboard use.

"Current tests used in cargo labs require far too much specialist skill and expensive equipment to be used by the crew aboard ship. The proposed test is based on a practical approach that can be done using low-cost equipment that can be replicated easily. It doesn't replace the current system of TML and MC certification, but provides the ship's master with an opportunity to make his own check, in any case where there is some doubt over change in the condition of the cargo, the quality of sampling, the veracity of the certification, or the effect of bad weather on moisture during loading.

"We have been talking to a number of parties, including ABTO members, P&I Clubs and classification societies to take the initiative forward. We have proven the basic concept, which seems to work, so we are now looking to the industry to support the development."

Ian Adams, ABTO Chief Executive, added: "Anything that can be done to improve the safety of vessels carrying dry bulk cargo that may liquefy has got to be thoroughly investigated. We believe that this issue is one of the biggest challenges facing our industry. We therefore welcome anyone who is interested in progressing this research to contact us so that progress can be made on developing this test."

Further details about the new testing method and the liquefaction challenges masters and terminal operators

face will be explored in depth at Bulk Terminals 2017: Achieving Efficiency And Compliance, the inaugural conference of the Association of Bulk Terminals, which will take place in London between October 31 and November 1, 2017.

**The Top Three Day-To-Day Headaches for Crew and Managers:** The challenges for those serving at sea, as well as the shore based staff supporting them and managing their employment and deployment on board, are as diverse as shipping itself. I see three top day-to-day headaches for a crew manager and the crew on board:

### **Crew Certification and Licensing**

The amount of certificates and licenses a seafarer has to obtain and that then, in many cases, get endorsed by flag states presents a major challenge and headache to the crew themselves and the crew managers in charge of making sure that all the necessary checks have been made. Of course nobody can object to the fact that the people serving in a high risk and international environment such as that of an internationally trading cargo ship have to be properly trained and certified. Yet in a world where digitalization and information technology are bringing people closer together and shortening ways and processes, the almost archaic and unconnected way that many certifying authorities and flag states issue and endorse their documentation is, to put it mildly, irritating.

The troubles range from having to physically send hard copy documents around the world to obtain necessary approvals and endorsements, and then back to the seafarers within very limited amounts of time, through to E.U. and non-E.U. countries not automatically recognizing the certificates and documents issued by other IMO white list states.

The list of administrative burdens that both crew and crew managers have to overcome on a day-to-day basis could continue for quite some time, and the baffling fact is that by just using the advantages of modern communication technology, such as online databases and application and verification tools, many of these barriers could be overcome almost instantly.

Add to that a more harmonized approach by flag states and issuing authorities and joint acceptance procedures within certain national and international organizations and groups, and the maritime industry could quickly make the leap into a better, quicker and easier future for maritime professionals.

### **Visas and Freedom of Travel**

Being a seafarer brings along the need to travel...a lot! First there is signing on, then a prolonged spell on board, visiting many sometimes unwelcoming countries and finally there is the signing off and the journey home. Of course the need for clear travel documentation and controlled entry and exit procedures is something that

in times of international terrorism and international embargoes nobody would deny. But again, the number of visas required in advance, the difficulties and time obtaining them, the sending back and forth of travel documents, and the personal appearances required at various embassies around the country of origin is something that could be made a lot easier if unified procedures and acceptance within certain international boundaries could be implemented.

Many crew managers strongly argue that the seafarer's card and passport along with the employment agreement should be sufficient to allow seafarers to board and leave ships upon sign on / off. Additionally standard visas are often impractical and in many cases expensive measures kick in.

One need only to look at the armed guards stationed at the gangway of a vessel calling a U.S. port where one of the crew members on board does not hold a valid U.S. visa or the routes some seafarers need to take home due to missing approval to travel within, for example, the Schengen zone to understand this topic needs to be reconsidered.

### Seafarers Criminalization

Much has been written on the subject of seafarer criminalization, yet unfortunately the subject remains as topical as ever. The tendency to blame and punish the, in many cases, weakest link in the chain is sadly as evident as ever before. The consequences range from seafarers being unable to go ashore even for an evening or an afternoon, to whole crews being detained for months and in some case years on end in the aftermath of an accident.

The topic is too extensive to cover here in detail, but it has to be clearly stated that the crews on board the commercial cargo vessels around the world are an important part in all our globalized lives, and they deserve to be treated with the same respect and have the same human rights that we all take for granted every day.

**18 Serious Offences under Merchant Navy Code of Conduct Resulting in to Dismissal from Job at Sea:** Seafaring is a civilian occupation which imposes on seafarers particular demands not found in land-based jobs. Seafarers are often required to spend both their working and leisure hours in the confined environment of a ship with the same individuals. This can make seafarers more susceptible to the stresses of everyday life than those working ashore. In this environment, the need for discipline and good behaviour is of particular importance.

A ship at sea is a small floating city with a limited number of crew members who have to behave with a certain code of conduct with fellow members. Any misbehaviour or deliberate damage either to the ship or fellow members can hinder general operation or threaten the safety of



the ship. Rightfully so, a strict code ought to be followed on board for the proper functioning of the ship even when individual issues might not be great! It is for this purpose that the Code of Conduct for the Merchant Navy is in place, and the UK Chamber of Shipping and the Maritime and Coastguard Agency stick by it, adhered to by merchant ships across the world.

In conditions when any of the Codes is breached, the concerned seafarer might face serious legal charges or can even have permanent dismissal from his or her sea job.

In this article, we list 18 different acts which are considered as an offence under the code of conduct in merchant navy. The following crimes are considered severe and can lead to dismissal of the crew if found guilty.

**1. Assault to fellow member/threatening behaviour:** The ship is a closed loop system with respect to its human resources and like any workplace there are bound to be differences. Under such circumstances, it is imperative to maintain the decorum onboard and retain the sanctity of professional environment. It is for this reason that the offender must be kept under the purview of this aspect of the Code

**2. Acts that pose threat to the safety of the ship:** Wilful damage to property onboard, for any reason, is punishable and rightfully so. The ship is an expensive object and every part of it down to the last nut and bolt contributes to the functionality of the vessel. Any tendency of violence towards the ship is testament to unstable behaviour and punishable by the Code

**3. Intentional act of polluting marine environment:** This includes endangering the ship, persons or cargo on board, or the marine environment. Merchant ships are under international regulations to prevent any harm to the marine environment, and if carried out, exposes the ship to substantial financial risks. The act of doing so intentionally as an act of defiance or revenge towards the Master holds the doer

accountable for his actions and therefore, punishable.

**4. Unlawful possession of drugs and alcohol:** Duty onboard is to be carried out sober and as history will be witness, navigating under influence poses great risks to the safety of the vessel. Additionally, many ports of call might call for unwanted approaches to transport contrabands. For those with a weak constitution, it might seem like a quick way to profit from this illicit trade but one must remember the extreme implications that come with this sort of criminal behaviour. Breach of company rules and procedures relating to alcohol, drugs or smoking can also be clubbed under this.

**5. Act of smuggling:** Various commodities are variably priced and taxed across the world. The act of profiteering from such trade is obviously a grave misconduct. For example, gold is cheap in the Gulf, any attempts to transport it to another country with high gold rates would classify as smuggling and highly illegal.

**6. Intentional act resulting in damage to ship's property and equipment:** Quite self-explanatory and related to point 2

**7. Possession of arms or weapons:** While merchant ships of some nations might be allowed to bear arms as the law of their Government, the possession of it individually is illegal. A seafarer visits many countries, some with very lax gun laws; this should not be a reason to be armed onboard. Possession of the same increases the risk of life while at sea for every personnel on board not to mention the prosecution that would come with it if caught

**8. Willful act of not performing the assigned duties:** To refuse to work as specified by the company (duties listed in the ISM Code), means that the seafarer is not compliant and does not deserve to be paid his dues. The ship has a professional environment running smoothly because everyone does their job

**9. Not following orders of seniors related to ship's safety:** There's a reason that progressing in the shipboard hierarchy is also pegged to experience (aside from passing examinations). A senior officer knows more and a genuine order to protect the safety of the ship cannot be hindered

**10. Persistently late reporting for duty or remaining absent from the duty:** Again, seafaring calls for a high degree of professionalism. A general attitude of nonchalance towards one's assigned duty is not acceptable. As mentioned, every ought to stick to their job for the smooth running of the vessel and failure to do so causes a disbalance in the chain of command. For example, an officer on cargo watch for 6 hours expects the next to be punctual as he is exhausted and has another 6 hour cycle to execute; not showing up on time just negates a good work environment

**11. Sleeping or avoiding work during the duty period:** This can be read and interpreted with regard

to points 9 and 10

**12. Revelation of a major health problem at sea, hidden from the company before joining:** Again, the keyword here is professionalism. This is not a job that can be done without being at a certain physical efficiency level. It is important to disclose all medical history to the doctor and the during the checkup before joining the ship. Sudden disclosure at sea is only going to disrupt the shipboard efficiency

**13. Smoking using naked light in no smoking zone or near dangerous goods:** Rather obvious! Certain cargoes carry a very high risk of flammability and must be not have any ignition source around it. Also, with designated rooms for smoking, there is just no reason to smoke on deck. As far as naked lights go, they are a complete no-no as well for the same reasons.

**14. Reporting to duty after consuming alcohol or under the effect of alcohol:** Sobriety is of paramount importance. While there is always the aspect of human error, error under influence and error when sober are worlds apart. The former can be classified as a violation while the latter might not be so

**15. Interfering with the work of other fellow crew members, resulting in danger to the safety of the ship:** As mentioned above, STICK TO YOUR JOB! While it is a great gesture to help another personnel out in need onboard, it should not interfere with the workings of one staff and in any case, not be at the cost of the safety of the ship. As displayed on the outer bulkhead of the accommodation "SAFETY FIRST"

**16. Conduct of sexual abuse which may harm the dignity of fellow women or men at work or passengers onboard:** This can be classified as ugly "disgusting". Women are very slowly integrating into the merchant navy workforce and such an act will only deter them from joining and for those already in the workforce, it will kill their will to continue and cause them grief. It is also against basic human principles. The same goes in case that sexual advances are made towards a man. Any sexual harassment ought to be treated with the strictest punishment. On ship, everyone is present because of their qualifications and that is irrespective of their gender or attraction levels. It is for this reason that all corporate houses have a sexual harassment clause that protects their workers

**17. Offending fellow crew members in terms of their religion or nationality:** While the world is suffering under the weight of racism and crimes in the name of religion, the shipping industry takes pride in its international nature, free from such useless barriers. A multicultural and multinational crew should be celebrated and taken pride in instead of targeting

**18. Allowing or bringing unauthorised person onboard while at sea:** Unless authorised by the Master who liaises with the agents and the port authorities for

this purpose, bringing anyone on board is an offence. If for legitimate reasons, the individual can always request the Master for permission- for example, getting a family member onboard for a brief period when at the home port

All in all, it is really great that such acts are punishable under the Code as the absence of it would result in total chaos and different interpretations of a questionable act.

### **MCI Launches Energy Meter To Power Cold Chain Transparency In Star Cool Reefers:**

To provide transparency into actual energy consumption throughout the transportation window, over land and sea, Maersk Container Industry (MCI) is introducing an energy meter feature integrated into all new Star Cool™ refrigerated containers. Maersk Line, the world's largest container shipping company and part of Maersk's Transport & Logistics division, became the first of MCI's customers to take delivery of the new Star Cool reefers at the start of the year.



Widely recognised for its proven high energy efficiency, this latest development enables Star Cool reefers to log energy consumption in real time. The data can be monitored either via a modem or manually, at any time during the voyage, from when the Star Cool reefer is first turned on until it reaches its final destination.

### **Digitised and optimised reefer operations**

In the quest to provide further transparency in its cold chain operations, Maersk Line has been running Remote Container Management (RCM) for several years, a system that brings real-time transparency into the company's cold chain operations. Gaining further visibility into energy use is expected to provide substantial value in the area of energy consumption, which accounts for considerable operational costs.

"Taking our 270,000 reefer containers online has provided significant operational cost savings and will give our customers unprecedented visibility into their cargo during transport, enabling better planning across their supply chains. Being able to accurately track the energy consumption of individual Star Cool reefer containers is a valuable add on for us", said Catja Hjorth Rasmussen, Head of Equipment Excellence at Maersk Line. "It means

that we can monitor actual energy consumption from point-to-point for different commodities, which supports not only cost optimisation but also our sustainability goals."

### **Increased carbon footprint transparency**

With retailers and consumers increasingly focusing on the carbon footprint of the goods they buy, a reliable energy measurement tool will enable the shipping industry to provide documented evidence of CO2 emissions: not just for their vessels but right down to the individual reefer container.

"Delivering best-in-class energy efficiency has always been at the core of our innovation culture and we are very excited to be able to provide to our customers with a window directly into the detailed real-time energy consumption of Star Cool reefers", explained Søren Leth Johannsen, Chief Commercial Officer of MCI. "This will provide operators with clear knowledge of the performance of their Star Cool reefers and allow them to optimise operations and utilisation."

The new Star Cool energy meter is an industry first. Previously, operators needed to rely on third-party devices to capture energy data, which could only be read manually during the voyage. As it was not logged, the data could not be used for future comparisons. The Star Cool refrigeration unit logs all data in real time, which can then be used to support strategic cost- and fleet optimisation processes.

### **DMA: Autonomous Ships On IMO Agenda:**

Now, the IMO Maritime Safety Committee will start to establish a new international legal framework for the safe operation of autonomous ships.



Together with a number of countries, Denmark, has taken the initiative to include autonomous shipping on the IMO agenda. United Nations' International Maritime Organization (IMO) is in line with the proposal and will now start mapping how existing international regulation can be applied to autonomous ships and maritime technologies; technologies that are developing rapidly these years.

Minister for Industry, Business and Financial Affairs Brian Mikkelsen: "We, on the Danish part, want international regulation to be abreast of technological developments,

not least so that the new technology can contribute to enhancing safety at sea. It is important that also public authorities focus on encouraging innovation and development in shipping and especially initiatives that will promote digitalisation and automation."

"The efforts made in the IMO shows that we are frontrunners when it comes to securing international framework conditions that will give Blue Denmark a possibility of utilising in the best possible way its global position of strength in the development and use of new, innovative solutions, Mr. Brian Mikkelsen continues.

The proposal to include autonomous ships on the IMO agenda has been submitted by Denmark, Estonia, Finland, Japan, the Netherlands, Norway, South Korea, United Kingdom and the US. It gave rise to a prolonged debate, which showed that many safety and legal issues still remain to be solved as regards autonomous shipping. Despite some concern, it was generally agreed that the IMO needs to start its work now. There was also general agreement that the IMO must take into consideration how developments will affect the seafarers.

In connection with the meeting, Denmark also hosted a presentation by representatives from Mærsk and the Technical University of Denmark (DTU) of their specific work on autonomous ships.

In Denmark, the Danish Maritime Authority has already taken a number of initiatives in this area and is, inter alia, about to finalise a study of maritime regulation that will be affected by autonomous ships.

### **Brexit: UK's 'Island Nation' Dependence on Shipping and Seafarers is set to Grow:**

As the UK finally embarks on Brexit negotiations, our island nation's attention is being focused on the vital role our ports, harbours and seafarers will have to play in the future.

Increased world trade will likely increase the 95% of imports and exports that currently pass through our sea ports. Merchant ships continue to grow in size, the largest now 400m long and capable of carrying 20,000 containers. Half our food comes from overseas and the UK is dependent on imported oil, gas and biofuel for our power stations and vehicles.

Passenger numbers on cruise ships and ferries look set to continue to grow, albeit with industry concerns voiced about the need to retain agreeable border control relationships with our European neighbours.

Potentially favourable adjustments to fish quotas and incursions by foreign boats in UK waters are anticipated by our fishermen, who are hoping for a bigger share of the catch in the years to come.

Coincidentally, 24-30 June is Seafarers Awareness Week, the annual campaign by the maritime welfare charity Seafarers UK to raise public awareness of our ongoing dependence on seafarers, those men and women who

work in our tidal waters, around our coasts and across the oceans of the world. Often working unseen and unappreciated, they form the vital link between supply from the sea and consumption ashore.

Commodore Barry Bryant, Director General of Seafarers UK, commented: 'As so often in our history when facing political and international pressures, our relationship with the sea provides the strong and enduring stage from which our island and its people can make their mark, whether in trade, defence or diplomacy. Our unique situation and the quality of our maritime offerings in seafaring people, port and supply chain operations and financial services remains second to none and give us a strong negotiating hand. But they are reliant on the understanding and support of the whole country. Seafarers Awareness Week will strive to carry that message to every corner of our nation.'

Seafarers UK coordinates and promotes Seafarers Awareness Week in June each year, to coincide with the International Maritime Organization's global 'Day of the Seafarer' on 25 June and UK Armed Forces Day, this year headlined in Liverpool on 24 June.

In 2017 Seafarers Awareness Week is promoting maritime employment opportunities, including shore-based jobs. Currently more than 100,000 UK nationals work at sea, on vessels ranging from workboats and superyachts to tankers and container ships - and of course in the Royal Navy Fleet.

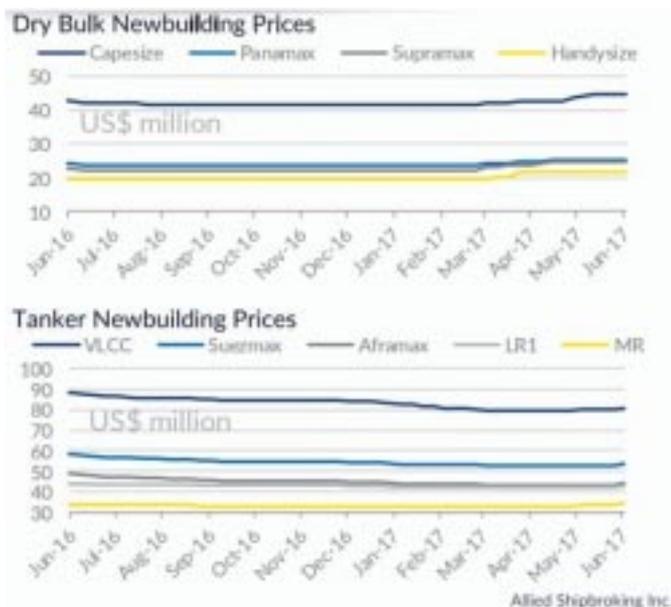
Our Royal and Merchant Navies are currently crying out for new seafarers, particularly those with engineering skills, and globally there is a huge demand forecast for Merchant Navy Officers of all specialisations, the best of whom are trained by the UK's renowned maritime academies and colleges.

Seafarers UK is also promoting 'Sea Ports for Prosperity', encouraging port and harbour operators to raise government and public awareness of their £19 billion annual contribution to the national economy. UK ports support 344,000 jobs ashore, handling almost 500 million tonnes of freight and more than 60 million passengers every year.

Whatever the outcome of our Brexit negotiations, Britain's rock-solid relationship with the sea looks set to remain undiminished.

### **Tankers and Bulkers In Demand in the Newbuilding Market:**

Newbuilding ordering activity remains in high ground, especially when compared to the same period of 2016. In its latest weekly report, shipbroker Allied Shipbroking noted that "we continue to see a fair flow of activity emerging once more this week, with a number of dry bulk and tanker contracts coming to light this week. Overall interest seems to have slightly eased however now something that may well lead to a drop in new ordering activity over the rest of the summer period. This will be primarily driven by the



performance of the dry bulk freight market, given that the biggest increase in interest this year has been primarily triggered by the vastly improved sentiment noted in this sector in the first quarter of the year. On a further note it seems as though prices will also continue to increase further given that most shipbuilders find the current levels unsustainable for their operations, while at the same time the increases seen in the secondhand market have provided shipbuilders further room to push for better levels and balance their cash flows once more".

In the S&P market, VesselsValue said that tanker values have remained stable this week. According to VV, "activity remained slow in the VLCC fleet this week, however, 2 Suezmax resale vessels the Dong A Capella & Dong A Spica (157,500 DWT, Jun/Jul 2017, New Times Shipbuilding) were sold en bloc for USD 102 mil. Two MR2 tankers Orient Emerald & Orient Ruby (50,400 DWT, May/Aug 2005, SLS) sold en bloc for USD 21 mil to Avin International. The MR1 Maersk Rapier (35,000 DWT, Jan 2000, CSSC OME) sold for USD 6.5 mil vs VV USD 6.13 mil keeping values stable", it noted.

Similarly, bulker values also remained stable. The ship valuations expert said that "the Capesize Golden Opus (180,700 DWT, Apr 2010, STX Offshore) sold for USD 28.85 mil vs VV USD 27.57 mil. The Ocean Phoenix I (82,500 DWT, Nov 2007, Tadotsu Tsuneishi) sold for USD 13.5 mil vs VV USD 13.91 mil keeping Panamax values stable. The Supramax Precious Wind (52,600 DWT, May 2001, Shin Kurushima Ujina) sold for USD 6.6 mil vs VV USD 6.29 mil keeping values stable. The Handymax Astra (48,800 DWT, Jan 2004, IHI) sold for USD 8 mil vs VV USD 7.86 million", it concluded.

In a separate note, Allied Shipbroking added that "on the dry bulk side, activity has continued to remain relatively slow again this week, though slightly better than what we were seeing some weeks back. With the slowdown in buying interest and the much lower freight rate levels

that have now been reached, prices have also shown some slight downward correction. This is especially true in the modern Panamax and Supramax sizes which were the size and age groups that had noted some of the biggest increases since the start of the year. On the tanker side, we are still seeing a fair amount of revival in terms of activity, though this latest week the focus was primarily on the product tanker ranges with a fair number of MRs changing hands. Prices have yet to shift as the uncertainty still overshadows the market and it seems as though buyers are not willing to make any highly speculative moves just yet in order to prop up secondhand values", Allied concluded.

**Piloting Choppy Waters:** Uncharted hazards roil the waters for established pilot organizations across the fruited plain. These days, there is never a dull moment for this uniquely American system of piloting deep draft tonnage to and from the ports dotting our 95,000+ miles of coastline.

The U.S. system of marine pilot oversight typically calls for individual states to govern commerce on their own waterways as they see fit. When it comes to deciding who will be trusted to guide large, deep draft tonnage into their blue water ports, the standard business model calls for one association - typically described as 'state pilots' - to perform all of this work (at least the registered, foreign flag variety), without outside competition, governed by a local pilot board of one sort or another.

Occasionally, there comes a challenge to the status quo. Lately, there have been more than usual; a trend which is building, and one which reflects users (some operating in depressed business sectors) who increasingly chafe against escalating fees for service providers already making hundreds of thousands of dollars annually. In response; advocates for the system of 'state pilots' typically argue that "you can't put a price on safety." Actually, that remains to be seen.

In at least five ports or sectors nationwide, the issue(s) of rates, who gets to perform what task and where, and under what conditions they can do it, are very much in dispute. Piloting a deep draft vessel on the water has never been boring. It turns out that navigating the business aspect of that profession is also becoming far more interesting. Spanning all four U.S. coasts - pilot-related news is not in short supply.

- **Great Lakes:** Stakeholders who depend on Great Lakes pilots to guide tonnage in three separate districts may be facing 'sticker shock' in the near term as the method of determining rates has changed. Previously, the U.S. Coast Guard used the "touchstone baseline" of a local deck officer's union agreement as the basis for their calculations. Reportedly, however, that data has been made "proprietary" and is no longer available.

As the Coast Guard navigates what could be a sizable increase in local rates, it also added an additional 30 days

to the comment period on the supplemental notice of proposed rulemaking for "Great Lakes Pilotage Rates-2017 Annual Review" published in the Federal Register on April 5, 2017. The comment period, which allows the public a venue to comment on the proposed rulemaking, is now open through June 5, 2017.

In a nutshell, the Coast Guard is proposing to modify its calculations for hourly pilotage rates on the Great Lakes by accounting for the "weighting factor," which is a multiplier that can increase pilotage costs for larger vessels traversing areas in the Great Lakes by a factor of up to 1.45. But, the real fear is that the new rates will follow the national 'state pilot' trend of benchmarking against "what everyone else is making." And, since these rates are reviewed annually, the potential for regular and hefty increases worries shippers.

Like other places, the dispute has (not surprisingly) resulted in a lawsuit - in this case from the shipping companies who operate in this area versus the U.S. Coast Guard.

- **Louisiana:** Although a May 25 public hearing - scheduled to be held before a three-member panel appointed by the Louisiana Pilotage Fee Commission - has been delayed, the meeting will take place at a later date, sources told Maritime Logistics Professional last week. The hearing will reportedly consider the Louisiana Maritime Association's motion seeking an immediate reduction of NOBRA pilotage rates, which they say have resulted in a significant amount in excess of required revenues. Although the hearing was delayed, the motion remains ongoing. Suffice it to say that if shippers and maritime stakeholders are successful, it would be unprecedented in a place where river pilots traditionally wield enormous power.

- **Galveston, TX:** An attorney representing federal pilots looking to earn state pilot licenses to guide registered, foreign flag tonnage in and out of Galveston Bay has appealed to Texas Governor Greg Abbott. According to Justin Renshaw, he hasn't yet heard back from the governor, but his petition to force the local Board of Pilot Commissioners to "implement rules" has to be responded to within 90 days (from 10 May). Failing all of that, he says, the matter is headed to court.

The federal pilots don't necessarily want to join the existing association; they want to form their own group. Renshaw contends that the local state pilot rules in force in Galveston violate the Texas Constitution, which he says forbids so-called monopolies. These federal pilot hopefuls base their argument for a State Issued license, in part, on the premise that "Perpetuities and monopolies are contrary to the genius of a free government, and shall never be allowed, nor shall the law of primogeniture or entailments ever be in force in this State."

Although a purely local matter for the time being, the spat could take on statewide and national implications

because the typical model of "state pilot" monopolies on foreign flag business could ultimately be tested; first here, and then at other ports. Pilot organizations and stakeholders are therefore watching closely from the sidelines. It looks like this one will come to a boil, appropriately enough, mid-summer.

- **Port Canaveral, FL:** According to Steve Parrish, a federally licensed pilot based in Port Canaveral, Florida, Southern Federal Pilot has filed suit the Canaveral Pilots Association for Violation of the Florida Antitrust Act and for interference with Southern Federal Pilots' contract with the Navy.

According to Parrish, Southern Federal Pilot provides harbor pilot service to the U.S. Military and U.S. Flag Vessels travelling between U.S. ports. It was awarded a contract to provide pilot service to the U.S. Navy at Port Canaveral, a contract that Parrish says has now been terminated. Also according to Parrish, under the contract that was terminated, Southern Federal Pilot was charging a lower rate for its services. As a result of the termination, he says, the Navy will have to pay the higher rate charged by Canaveral Pilots Association which is set by state law.

The dispute is an unusual one whereby the local federal pilot isn't trying to provide services to registered, foreign flag tonnage. Instead, he just wants to compete in the traditional sectors that federal pilots everywhere make their bread and butter - namely, U.S. Navy work and on board domestic enrolled vessels. Work, by the way, that he has considerable experience in - particularly in the specialized guidance of Navy submarine traffic.

Also according to Parrish, the case will face its first test in August, when a judge will determine whether it can go forward.

- **Seattle, WA:** In Seattle, Washington, another bit of drama is playing out. Without a doubt, the Seattle case is an unusual one for no other reason than the decision gave the local pilot system a black eye. That doesn't happen very often. For his part, and in this very space not too long ago, John McLaurin, president of the Pacific Merchant Shipping Association, asked simply, "Who should pay for a \$6 million gender discrimination lawsuit involving a woman who was denied a pilot license in Puget Sound?" As it happens, the answer is ... everyone.

According to McLaurin - who provided guidance in this venue on February 17 - the training program for pilot candidates is managed by pilots; assessing and evaluating the trainees. Pilots ultimately provide the key input and recommendations to the Washington State Board of Pilotage Commissioners as to whether to license a pilot candidate or not. In this particular case, the pilots recommended that the Board not issue a pilot's license, and the Board concurred. In the end, the State lost the gender discrimination lawsuit and paid a \$6.1 million settlement. But, stakeholders - shippers and cargo interests - who regularly ante up for what they perceive

as a premium rate for pilot services, pushed back on who was to pay the bill. Pilot services are one thing - gender discrimination lawsuits are another.

In the end, Transportation Budget legislation signed by the Governor effectively froze pilot rates until June 30, 2019, although pilots can make more or less depending on workload, number of pilots, expenses and assignment mix (size, type of assignments like shifts, two pilot jobs etc.). Nevertheless, and according to local sources, last year's individual earnings grew more than \$36,000 each despite having only a small tariff increase for the first 6 months (2% equivalent) equaling 1% for the year. Hence, revenue per assignment continues to grow without tariff increases, with larger container vessels and cruise ships a key factor in that metric.

Local stakeholders argued that industry should not pay (for the discrimination judgment) and that they were not responsible. Ultimately, the legislature decided on an assessment of \$16 per assignment plus the rate freeze plus a study of rate setting, workload, governance and other issues. But, that decision only lasts for the biennium (whereas a Senate Bill pushed for the pilots paying the entire amount for 6 years with a 6 year tariff rate freeze and a study - the final was compromise between the House and Senate).

With respect to the passage of Engrossed Senate Bill 5096 Section 108, the Board of Pilotage Commissioners is appropriated \$1,100,000 from the Multimodal Transportation Account solely for self-insurance liability premium expenditures. This appropriation is contingent upon three stipulated conditions:

- (1) The Puget Sound Pilots shall pay to the Board, from its tariffs, \$150,000 annually on July 1, 2017 and July 1, 2018. These amounts shall be deposited by the Board into the pilotage account and used solely for the expenditure of self-insurance premiums;
- (2) The Board shall maintain the Puget Sound Pilotage District pilotage tariff at the rate which became effective on January 1, 2017; and
- (3) A self-insurance premium surcharge of \$16.00 shall be added to each Puget Sound pilotage assignment on all vessels requiring pilotage in the Puget Sound Pilotage District. The Puget Sound Pilots shall remit the total amount of such surcharges generated to the Board by the 10 of each month. The surcharge shall be in effect from July 1, 2017 through June 30, 2019. These amounts shall be in addition to those fees to be paid to the Board pursuant to subsection (1) above and shall be deposited by the Board into the pilotage account solely for the expenditure of self-insurance premiums.

These three directives are in effect beginning May 18, 2017 through June 30, 2019.

- **Looking Ahead: in the Radar**

The only thing that is certain in terms of pilot law here

in the United States is that challenges are becoming more frequent. The disputes also touch upon many more issues than just rates and fees. How will any or all of these spats play out? That's anyone's guess. That said; there may be no other aspect of the domestic waterfront which regularly provides more entertainment. For the players involved, though, the stakes are high and current events are anything but fun and games.

Millions and millions of dollars hang in the balance. A good friend once told me that finding out the truth simply involves "following the money." If so, then the collective legal wrangling now underway makes perfect sense.

### **ICS Urges IMO to Set Ballast Water Implementation Dates:**

The International Chamber of Shipping (ICS) has urged the International Maritime Organization (IMO) to back a proposal from a broad coalition of governments concerning the implementation dates for installing new ballast water treatment systems.

"If this pragmatic proposal is agreed, this would allow shipping companies to identify and invest in far more robust technology to the benefit of the marine environment," said ICS Secretary General, Peter Hinchliffe.

ICS says that this IMO decision on dates, to be taken by a meeting of the Marine Environment Protection Committee (MEPC) during the first week of July - two months before the entry into force of the IMO Ballast Water Management (BWM) Convention on September 8, 2017 - will be critical, having significant implications for around 40,000 existing ships.

The BWM Convention, as currently drafted, requires existing ships to retrofit the complex new systems by their first International Oil Pollution Prevention (IOPP) survey following the global entry into force of the new regulations.

Under a proposal by Brazil, Cook Islands, India, Norway, Liberia and the U.K., implementation would be delayed for existing ships by pushing back the date they are required to start fitting ballast water management systems by a further two years to the date of their first IOPP renewal survey on or after September 8, 2019. This would extend the date by which all ships must have installed a system to 2024 from 2022.

This proposal is fully supported by ICS and its member national ship owners' associations.

ICS insists there is no logic, from an environmental protection standpoint, in requiring thousands of ships in the existing fleet to comply until they can be fitted with systems that have been approved under the more stringent type-approval standards which were only adopted by IMO in 2016 (and which are about to be included in what will soon become a mandatory Code for Approval of Ballast Water Management Systems).

ICS notes that these more environmentally robust standards will not become mandatory for new system approvals until October 2018 and that only systems being installed into ships from October 2020 will be required to have been approved in accordance with the new Code.

Additionally, because of a lack of confidence in the existing IMO type-approval process, and the previous uncertainty as to when the Convention would enter into force, very few existing ships have so far been retrofitted with the required treatment systems, creating a log jam in available yard capacity.

ICS says that apart from the possible shortage of shipyard and manufacturing capacity to retrofit around 40,000 systems, many shipping companies - through no fault of their own - face difficult decisions. They will potentially be required to install expensive new equipment that may not be guaranteed to operate correctly in all of the normal operating conditions they would reasonably be expected to face when ballasting and de-ballasting during worldwide service. These decisions are all the more difficult if the ships are approaching the end of their typical 25 year life.

"It is vital that IMO makes a definite decision about the implementation schedule at its meeting in July so that shipping companies have absolute clarity and can take sensible decisions about when to install these high cost systems in the best interests of the environment," Hinchliffe said.

ICS says it fully supports the intention of the BWM Convention, which is to address the problem of invasive marine organisms having damaging impacts on local ecosystems through their unwitting transportation in ships' ballast tanks, but adds the Convention's imminent entry into force presents ship operators with serious challenges because systems approved in accordance with the more stringent IMO standards adopted in 2016 are not yet available.

**Confusion Over Circumstances of U.S. Destroyer Collision:** The Japanese coast guard announced Monday that the crew of the container ship ACX Crystal waited for nearly an hour to report their collision with the USS Fitzgerald, throwing the incident's timeline into doubt.



The charterer of the Crystal, NYK Line, claimed Monday that the time of the accident was 0130, not 0220, as previously believed. The Crystal's crew waited to report the collision until 0225, leading authorities to conclude (falsely) that the accident happened at about the time of the report. To add to the confusion, the U.S. Navy still maintains that the initially reported time of impact is accurate.

The collision was among the most serious non-combat Navy casualties in recent years. The service has confirmed that seven of the Fitzgerald's crewmembers were killed in the accident: Gunner's Mate Seaman Dakota Kyle Rigsby, 19; Yeoman 3rd Class Shingo Alexander Douglass; Sonar Technician 3rd Class Ngoc T Truong Huynh, 25; Gunner's Mate 2nd Class Noe Hernandez, 26; Fire Controlman 2nd Class Carlos Victor Ganzon Sibayan, 23; Personnel Specialist 1st Class Xavier Alec Martin, 24; and Fire Controlman 1st Class Gary Leo Rehm Jr., 37. Three more were wounded, including the destroyer's commanding officer, Cmdr. Bryce Benson.

"We are all deeply saddened by the tragic loss of our fellow shipmates as a result of Friday's collision between USS Fitzgerald and a commercial container ship, and our thoughts and prayers are with their families," said Acting Secretary of the Navy Sean Stackley in a statement. "As details emerge, we can all be proud of the heroic effort by the crew to tend to the needs of those injured and save the ship from further damage while returning safely to port."

The U.S. Navy, the U.S. Coast Guard and the Japan Coast Guard have all launched investigations into the cause of the collision. Japanese authorities are interviewing the crew of the Crystal and plan to retrieve her VDR data.

AIS data shows that between about 0132 and 0134, the Crystal changed course by 90 degrees to starboard and lost six knots of speed. She then turned back to port and settled on a northeasterly course similar to her earlier trackline.

"This is, to me, proof that a computer was driving [the Crystal]. No captain shakes off a collision with a U.S. Navy destroyer and resumes course so perfectly," said Steffan Watkins, an analyst with Janes Intelligence, speaking with the Daily Mail. "I suspect, from the data, that the ACX Crystal was running on autopilot the whole time, and nobody was on the bridge."

The Crystal did not stay on her northeasterly course for long. At 0200 hours, she turned around and headed back to her 0130 position, arriving at about 0235. If the Navy's account is correct and the collision occurred at 0220 hours, the impact did not alter the Crystal's course and speed, which were steady in the minutes before and after that time (see AIS illustration below).

Note: Naval vessels do not always transmit AIS, and the Fitzgerald's trackline is not available.

Observers noted that AIS coast stations do not always capture a full picture of vessel traffic in busy sea lanes, like the area off Cape Irozaki where the collision occurred. The Japan Coast Guard says that up to 400 vessels a day pass through this area, without the benefit of designated VTS traffic lanes.

"It is possible the ships [in the collision] had little room for significant maneuvers as there may have possibly been other ships, such as fishing boats," said Prof. Yoshihiko Yamada, a marine safety expert at Tokai University, speaking to Japan Times.

Fitzgerald's crew saved their ship

In a press conference Sunday, Vice Adm. Joseph Aucoin, commander of 7th Fleet, credited the Fitzgerald's damage control efforts with saving the ship. "This was not a small collision," he said. "So the water flow was tremendous, and so there wasn't a lot of time in those spaces that were open to the sea. And as you can see now, the ship is still listing, so they had to fight . . . to keep it above the surface."

Mia Sykes, the mother of Fitzgerald crewmember Brayden Harden, told the AP that crewmembers from the two damaged berthing compartments repeatedly dove back into the flooded spaces in an attempt to save their crewmates. Abovedecks, others responded by manning battle stations in the belief that the ship was under attack.

**Saudi navy has foiled terror attack on offshore oilfield - SPA:** The Saudi Royal Navy has thwarted an attempted terrorist attack on a major offshore oilfield in the Arabian Gulf, the Saudi Press Agency (SPA) said on Monday.

Quoting an "official source", the SPA report said just after midnight on June 16, 2017, three boats bearing flags in white and red flags rushed to the Marjan offshore oil field off the Eastern Province.

The navy fired warning shots but were these were ignored by the assault boats, the report said.

It said one of the boats was subsequently seized and found to be "carrying weapons for a sabotage target." The other two boats escaped.

The report did not say who the navy suspected to be behind the attack.

Earlier, the Iranian media claimed that tSaudi border guards had fired on two boats washed away by water to the area close to one of the oil platforms near the maritime border, adding that the commander of one of the two boats was killed.

The man's son, who was with him, was able to survive and deliver his father's body this morning to ?Bushehr, while the fate the other boat is still unknown, the reports said..

In April, Saudi security forces said they thwarted an attempted attack on an oil distribution center involving an unmanned boat from Yemen loaded with explosives.

**Oil seeks support in mid-40s, hawks spook gold:** Broad-based weakness saw the Bloomberg Commodity Index challenge the lower end of the range that has persisted for the past 14 months, writes Ole Hansen, Head of Commodity Strategy at Saxo Bank.

The index, which covers the performance of 22 major commodities split equally between energy, metals, and agriculture, remains challenged by bulging crude oil stocks, China's monetary tightening/growth slowdown, and a fading Trump trade.

Selling across the energy sector extended into a fourth week as production from the US, Libya, and Nigeria continued to reduce hopes that Opec will be successful in bringing down global inventories within the expected timeframe.

Precious metals were caught off-guard by a hawkish tilt in tone from the Federal Open Market Committee as it raised rates for the fourth time since December 2015. Gold was left exposed following a record three-week surge in speculative demand, during which time it reached but failed to breach \$1,300/oz.

Soft commodities suffered the most, with sugar hitting a fresh 15-month low after losing 30 per cent of its value over the past four months. Cotton's mid-May surge continues to deflate in response to expectations for higher output in the 2017-18 season. Excellent growing conditions in both India and the US have triggered this change in sentiment.

The growing season in the US can be very volatile for the three major crops: corn, wheat, and soybeans. Weather developments receive a lot of attention due to the alternating demand a growing crop has with regard to hot, dry, and wet weather conditions. US crops rallied recently as a strong heatwave struck, only to see a reversal as new forecasts saw lower temperatures and rain coming.

During the next weeks, crop conditions and fund positioning will play important parts in the price performance. Every Monday until October, the \$A will release its weekly crop condition report measuring the health of the crop by ranking in percentage the crops which are in "good" to "excellent" condition.

The current conditions of all three crops are currently trailing last year, not least spring wheat which saw the percentage drop to just 45 per cent, its worst rating since 1988. This development was the main factor behind the strong performance in CBOT December wheat this past week.

The table also shows the current good conditions for cotton, which helped deflate the recent rally even further.

Crude oil returned to the May low this week as rising production and inventories received all the attention. This came following four weeks of selling in the aftermath of

Opec and non-Opec members' best (but failed) efforts to support the price by announcing a nine-month extension.

Additional pressure on Opec was piled on by the International Energy Agency; in its forecast for 2018, the US body saw production growth from non-Opec producers alone as able to meet global demand growth.

With this in mind, the market is growing increasingly worried as to whether the cartel-with support from Russia and others-will manage stick together until the hard data begins to improve.

The risks to an oil recovery are plenty and the battle between supply, demand, and inventories looks likely to see oil lower for even longer than previously expected.

Some of the current drivers are: rising production from Libya and Nigeria, together with the United States, continuing to offset Opec's rebalancing efforts, and an escalation to the current Qatar tension risks breaking up the Opec agreement.

Following a weak first half, the full-year projection for demand growth may be at risk.

Some key factors include efficiency gains in the auto industry together with demand concerns, especially in the United States and China.

From November to April the net production decline between Opec (excluding Libya and Nigeria) and the US (including Libya and Nigeria) was less than 400,000 barrels/day. This just goes to show the (so far) limited impact of the production cuts currently in place until next March.

However, with crude oil once again trading back to the mid-40s the risk of supply destruction will begin to receive some attention. US production has risen by an average of 10,000 barrels/day on a weekly basis during the past eight weeks. Over the previous eight weeks, the average weekly rise was above 30,000 b/d per week.

Further support should come from lower Opec supplies during the current peak domestic demand season.

US shale producers are low on hedges into 2018 as they have reduced selling in the expectation that the downside risk would be limited due to Opec cutting production. The price of WTI crude oil for 2018 has fallen by 14 per cent from the elevated average seen between November and March.

A prolonged period of price weakness will eventually impact weaker producers' ability to stay profitable and the rapid growth in production seen of late may once again falter.

Brent crude oil found support at the May low but at this stage a recovery back above \$50/b is needed to rein in short-sellers. Below \$46.65/b the market could be targeting \$44.65/b.

Gold investors and traders were spooked by the hawkish tilt presented by Federal Reserve chair Janet Yellen following the latest US rate hike. Coming just a few hours

after data had shown weakness in both CPI and retail sales, the hawkish tone caught the market off guard.

The dollar recovered some of the recent losses, while US 10-year bond yields rose from a seven-month low.

Another waiting game can now be expected as traders turn to incoming economic data to see whether the Fed's bullish outlook and the planned speed of subsequent rate hikes can be justified.

We still expect the upside to be broken eventually but potentially not before we see a bigger stock market correction. Real money investors are buying gold in order to achieve diversification from such an event. On that basis, a positive performance of gold is not the only parameter for these investors to get involved. The latest correction back in May triggered increased physical demand as gold retraced to the \$1,220/oz area.

From a technical perspective, support in gold can be found at \$1,245/oz and the price needs to hold \$1,227/oz, the uptrend from January, in order to maintain the bullish skew, which we eventually believe will result in the yellow metal breaking higher.

### **U.S. Funds Four Wave Energy Technology**

**Projects:** The U.S. Energy Department has announced up to \$12 million in new projects to support the development of wave and tidal energy devices.

Two projects receiving funding will test and validate wave energy converter prototypes in open water, to demonstrate wave energy's potential to compete with other forms of energy in the longer term. Two other projects will address important early-stage hydrokinetic technology development challenges.

The funded projects are:

AquaHarmonics, grand-prize winner of the Wave Energy Prize, an Energy Department-funded public competition, will build a larger version of its winning device for open-ocean testing. Oregon-based AquaHarmonics won the Wave Energy Prize competition by demonstrating a five-fold improvement in energy capture per unit structural cost. The company will seek to upscale its device while maintaining low costs.

California Wave Power Technologies (CWPT), runner-up in the Wave Energy Prize, will upscale its wave energy converter technology for open-ocean testing. In the Wave Energy prize, CWPT's device demonstrated more than a three-fold improvement in energy capture per unit structural cost. Through testing, the company will validate and update estimated costs for a full-scale version of its technology.

Portland State University in Oregon will develop a multistage, magnetically geared generator with airtight casing to improve the cost, reliability and efficiency of hydrokinetic devices. Increasing the gear ratio through the multistage design reduces the generator size, which in turn reduces the structural support required. The magnetic gearbox, which creates speed change without physical contact, minimizes operational and maintenance

costs and provides protection from overloading during extreme events.

ReVision Consulting in Sacramento, California, will integrate wave measurements from radar and buoys to better predict ocean waves and provide data to wave energy converter device controllers. Accurate wave-prediction technology can help wave energy converters more efficiently convert energy from waves into electricity.

**Why has Shipping got it so Wrong?:** The arrival of spring brought fresh bloom on the trees and flowers on the plants, but there is no spring in the step of the shipping industry as it moves into another slow summer.

Recent spring gatherings in New York and Stamford CT produced the false view that the dry cargo markets were booming when in fact they were barely breaking even.

All of this while shipping continues to carry more than 90 percent of physical world trade and will do so for the foreseeable future.

Shipping is the world's largest service industry with hundreds of shipowners competing on a global basis to be paid to transport billions of dollars' worth of cargoes across the oceans and waterways around the world.

The huge rise in demand for shipping services in the last decade, led by the Chinese industrial boom, commencing in 2004, caused a significant surge in freight rates for dry-bulk and containerized cargoes. This attracted a large number of new owners and investors from the various private equity and hedge funds in the U.S. and Europe.

It is clear that the objectives of many investors in the publicly quoted companies were to chase short-term gains in ship values while cutting costs in all directions. However, most of the funds that have invested in the last 10 years have shown little or no return except for some day trading on shipping rumors.

The investment surge focused on building new ships to meet the perceived increased demand, with a view that the ship values would increase, enabling them to be sold for a profit as soon as they were delivered.

This philosophy ignored the fact that ship values are driven by the revenues earned from carrying cargoes, the quality of the ship management and the capacity of the shipyards to build new ships, and deliver them in a short timeframe.

The Chinese boom lasted less than five years, but the new ship orders continued to deliver into the second decade and resulted in a 50 percent growth in the capacity of the world fleets of dry-bulk and container ships. The tanker fleets were also over-built as investors switched their attention away from the loss-making dry markets and also climbed into the OSV markets.

The result is a grossly over-tonnaged industry with depressed freight rates and reduced ship values. Many

quoted companies face insolvency as the unavoidable costs of classification surveys loom and the balance sheet values of the ships are overstated.

Many of the new investors rely on statistical projections of ship values rather than a factual analysis of the freight markets and ignore the fact that charterers will not fix long-term charters with owners that are likely to sell the ships at any time.

Funds have rarely done well when investing in service industries that use expensive assets which are high maintenance and inherently depreciating.

Most of these facts are known to traditional shipowners who have faced similar excesses in the past 30 years, but none of such a serious size.

These owners, who value close relationships with cargo owners, form the hard core of shipping that focuses on operating their ships efficiently on period charters that generate modest profits after bank financing and depreciation but provide a long-term revenue stream.

A well maintained ship properly managed can earn as much as a new ship as there has been little change in the ship's fundamental technology. The ships must be properly certified, and the costs of these statutory surveys must be budgeted for. New regulations covering air pollution and ballast water treatment will slowly be introduced but are costly.

Given the substantially private nature of ship ownership, it is not surprising that the majority of charter fixtures go unreported, and the so-called indexes, such as the BDI, are a worthless gauge of market activity. Only the publicly quoted companies publish some details of charters and the prices of ships bought or sold.

The result of the short-term approach to ship values is that a majority of ships now trade in the spot markets, do not achieve even 300 days annually of paid activity and have to pay for their own fuel.

Recently we have seen a surge in newbuilding orders in both wet and dry bulk and more surprisingly in large container ships. Funding the construction of large numbers of ships of all types without securing their employment is a huge mistake, as we have already seen.

The enormous losses in the German equity and debt markets will be repeated elsewhere and probably in the Chinese and Korean Exim banks as they work to support their shipbuilders.

The outlook for crude oil demand is stable with no growth in production and low prices. But the introduction of new fleets of Iranian and Saudi VLCCs and the decline of U.S. imports suggest a weak future for ships not fixed on period charters.

The container markets are grossly over-tonnaged and mostly a one-way traffic with few backhaul cargoes, and new U.S. policy on trade agreements will likely reduce U.S. imports.

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“Maritime Group” knows as to what we are, not forgetting that we are here to share our valued flow of thoughts, inter-changed with quality of expression exchanged, is to arrive at a QUALITY consensus, since “MARINE NEEDS A MULTI-DISCIPLINARY APPROACH - Do something instead of killing time or else, time will be killing you.”

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*For example from Chennai, 044-1554*

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